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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Attorneys for Arizona School Boards Association  
and Arizona Association of School Business  
Officials

**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

Arizona Corporation Commission

**DOCKETED**

NOV - 6 2009

DOCKETED BY

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IN THE MATTER OF THE APPLICATION  
OF UNS ELECTRIC, INC FOR THE  
ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES  
DESIGNED TO REALIZE A REASONABLE  
RATE OF RETURN ON THE FAIR VALUE  
OF THE PROPERTIES OF UNS ELECTRIC,  
INC. DEVOTED TO ITS OPERATIONS  
THROUGHOUT THE STATE OF  
ARIZONA.

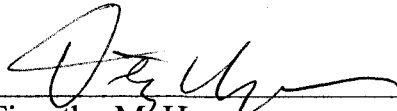
Docket No. E-04204A-09-0206

**NOTICE OF FILING DIRECT  
TESTIMONY OF ARIZONA  
SCHOOL BOARDS ASSOCIATION  
AND ARIZONA ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS**

The Arizona School Boards Association ("ASBA") and the Arizona Association  
of School Business Officials ("AASBO"), through their undersigned counsel, hereby  
provide notice that they have this day filed the written direct testimony of Chuck Essigs  
in connection with the above-captioned matter.

1 DATED this 6<sup>th</sup> day of November, 2009.

2 ARIZONA CENTER FOR LAW IN  
3 THE PUBLIC INTEREST

4 By   
5 Timothy M. Hogan  
6 202 E. McDowell Rd., Suite 153  
7 Phoenix, Arizona 85004  
8 Attorneys for Arizona School Boards  
9 Association and Arizona Association of  
10 School Business Officials

11 ORIGINAL and 13 COPIES of  
12 the foregoing filed this 6<sup>th</sup> day  
13 of November, 2009, with:

14 Docket Control  
15 Arizona Corporation Commission  
16 1200 W. Washington  
17 Phoenix, AZ 85007

18 COPIES of the foregoing  
19 mailed this 6<sup>th</sup> day of November,  
20 2009 to:

21 Michael W. Patten  
22 Roskha, Dewulf & Patten PLC  
23 One Arizona Center  
24 400 E. Van Buren, Suite 800  
25 Phoenix, AZ 85004  
Attorneys for UNS Electric, Inc.

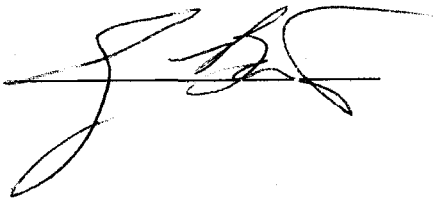
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1 Janice Alward, Chief Counsel  
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3 Arizona Corporation Commission  
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

KRISTIN K. MAYES, CHAIRMAN  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

IN THE MATTER OF THE APPLICATION OF  
UNS ELECTRIC, INC. FOR THE  
ESTABLISHMENT OF JUST AND  
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DESIGNED TO REALIZE A REASONABLE  
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THE PROPERTIES OF UNS ELECTIC, INC.  
DEVOTED TO ITS OPERATIONS  
THROUGHOUT THE STATE OF ARIZONA.

Docket No. E-04204A-09-0206

Direct Testimony of

**CHUCK ESSIGS**

on behalf of

**Arizona School Boards Association (ASBA) and  
Arizona Association of School Business Officials (AASBO)**

November 6, 2009

**Direct Testimony of Chuck Essigs, AASBO**  
**Docket No. E-04204A-09-0206**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. Chuck Essigs. My business address is 2100 North Central Avenue, Phoenix, Arizona 85004.

**Q. WHAT IS YOUR POSITION?**

A. I am the Director of Governmental Relations for the Arizona Association of School Business Officials. My background is described in more detail in the resume I have attached to this Testimony.

**Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY IN THIS PROCEEDING?**

A. I am providing testimony on behalf of the Arizona School Boards Association and the Arizona Association of School Business Officials.

The Arizona School Boards Association ("ASBA") represents 1200 plus school board members and over 1.12 million Arizona children. ASBA's mission is to promote community volunteer governance of public education and continue improvement of student success by providing leadership and assistance to public school governing boards.

The Arizona Association of School Business Officials ("AASBO") provide services to members in school districts in Arizona. AASBO has approximately 1,300 members. It provides a number of conferences and training classes to school district employees and provides information to members on the laws and regulations that impact the business operation of school districts.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. This is the second time that ASBA/AASBO have intervened in a utility rate proceeding at the Commission. In previous proceedings, we have provided public comment but have been challenged by Commissioners to become more involved in rate proceedings to advance the interest of Arizona public schools. This case represents our second effort at doing so. ASBA/AASBO want to assist Arizona's public schools in managing their energy consumption in an economic and efficient manner.

**Q. PLEASE DESCRIBE THE FUNDING OF ARIZONA'S PUBLIC SCHOOLS RELATIVE TO OTHER STATES.**

A. The per pupil spending for operations by Arizona school districts ranks low when compared to per pupil spending in other states. The U.S. Census Bureau in its

1 latest report for FY 2007 reported that Arizona per pupil spending on K-12  
2 education ranked 47<sup>th</sup> with expenditures of \$7,196 per student. Only Utah, Idaho,  
3 and Tennessee spent less per pupil than Arizona. The U.S. Census Bureau  
4 reported Arizona spending per pupil was \$2,470 below the national average of  
5 \$9,666.  
6

7 **Q. ARE THERE ANY CONSTRAINTS ON THE FUNDING THAT IS**  
8 **AVAILABLE TO ARIZONA'S PUBLIC SCHOOLS?**  
9

10 A. Yes. The Arizona Legislature has prescribed budget limitations for Arizona  
11 school districts. For the upcoming 2009-10 school year, the legislative formula  
12 will determine the total amount that school districts will be allowed to spend.  
13 Increases in utility rates are not part of the funding formula and any increased  
14 costs due to utility rate increases will need to be paid for by reducing expenditures  
15 in other areas of school districts' budgets. Therefore, it is imperative to mitigate  
16 the impacts on Arizona's public schools of the rate request sought by UNS  
17 Electric in this proceeding.  
18

19 Beginning with the 2009-10 school year, school districts no longer have a source  
20 of additional funds to help defray the costs of utility expenses. These additional  
21 funds had been provided by a formula called "Excess Utility Costs" and helped  
22 school districts adjust to increased utility costs due to rate increases. A new  
23 formula for school districts to assist with utility costs has not been funded by the  
24 Legislature.  
25

26 Because of the significant impact that increased utility rates will have on Arizona  
27 school districts, ASBA and AASBO have taken the step of intervening in this  
28 proceeding to cooperate with the Commission and UNS Electric in developing  
29 solutions that are fair and equitable for Arizona's public schools.  
30

31 **Q. DO YOU HAVE ANY SPECIFIC RECOMMENDATIONS TO MAKE IN**  
32 **THIS PROCEEDING?**  
33

34 A. Yes. We want to work with UNS Electric to implement their demand side  
35 management ("DSM") programs to help school districts become more energy  
36 efficient. Through these efforts, we hope to reduce demands on the energy  
37 production needs of UNS Electric and also contribute to a reduction in utility  
38 costs for school districts.  
39

40 Included in this effort would be a simplified process for funding lighting  
41 improvements and equipment upgrades with funding of those projects coming  
42 from a UNS Electric DSM funding Program. The districts' share of the costs  
43 come from district payments to UNS as outlined in A.R.S. 15-213.02.  
44 Implementation of a DSM program will be of assistance to both UNS Electric and  
45 the school districts that purchase their electric power from UNS Electric.

1 While school districts will continue to take advantage of incentives that are in  
2 place for the installation of renewable energy resources, we believe that school  
3 districts and UNS Electric could also work on cooperative programs to expand  
4 renewable energy resources. Under this proposal, UNS Electric would use school  
5 property for renewable energy projects. UNS Electric could lease school property  
6 and compensate the school district for the use of the school property.  
7 Compensation could reflect reduced costs for electricity to the participating  
8 school districts. A cooperative effort between school districts and UNS Electric  
9 could benefit both entities and the effort could provide valuable assistance to  
10 Arizona in becoming more energy efficient.  
11

12 In addition, we would like to work with UNS Electric to develop a special rate for  
13 school districts that would promote a more efficient use of electric energy and to  
14 reduce utility costs. We have already started discussions with Arizona Public  
15 Service on the development of a special rate for school districts that would  
16 support that efficient use of electric energy.  
17

18 **Q. DID YOU MAKE SIMILAR RECOMMENDATIONS ON BEHALF OF**  
19 **ASBA/AASBO IN THE PENDING ARIZONA PUBLIC SERVICE**  
20 **COMPANY RATE CASE?**  
21

22 A. Yes.  
23

24 **Q. WHAT HAPPENED?**  
25

26 A. ASBA/AASBO participated in settlement discussions with the other parties to the  
27 APS rate case that culminated in the execution of a settlement agreement that has  
28 been filed with the Commission for its approval. The Commission conducted  
29 hearings regarding the settlement agreement and I testified in support of the  
30 agreement on behalf of ASBA/AASBO.  
31

32 **Q. CAN YOU DESCRIBE THE BENEFITS OF THE APS SETTLEMENT**  
33 **AGREEMENT FOR ARIZONA'S PUBLIC SCHOOLS?**  
34

35 A. Yes. In general, the settlement agreement contains specific benefits for Arizona  
36 public schools in the areas of energy efficiency, renewable energy and rate design.  
37

38 With regard to energy efficiency, the APS settlement agreement provides that  
39 APS' 2010 implementation plan would include a customer repayment/financing  
40 program element for schools, municipalities and small businesses. This customer  
41 repayment element would be fully integrated from the perspective of the customer  
42 and not a separate offering. APS could use an actual on the bill or a parallel bill  
43 approach to implement this provision. Financing costs would be fully recoverable  
44 as a program cost.  
45  
46

1 Additionally, the settlement agreement established a goal for APS to serve,  
2 meaning the installation of measures, through its existing DSM programs or  
3 enhanced program elements, at least 100 schools by December 31, 2010.  
4

5 With regard to renewable energy, the settlement agreement requires APS to file  
6 within 120 days of the Commission's order approving the settlement agreement  
7 a new program for on-site solar energy including photovoltaics, solar water  
8 heating and daylighting, at grades K-12 public (including charter) schools in its  
9 service territory that eliminates upfront customer costs. The settlement agreement  
10 establishes as a goal the installation of projects resulting in 50,000 MWhs of  
11 annual energy generation or savings within 36 months of program approval by the  
12 Commission. The settlement agreement provides further detail about how the  
13 priority of projects will be determined. In designing the program, APS is required  
14 to consider among its options, a request for proposals by developers to implement  
15 and install solar energy systems on multiple schools such that the schools pay no  
16 upfront costs. The proposal is also to include APS' estimate of costs associated  
17 with the program and its proposed method for cost recovery.  
18

19 Finally, the settlement agreement requires APS to file a new optional time of use  
20 rate applicable to K-12 schools designed to provide daily and seasonal price  
21 signals to encourage load reduction during peak periods.  
22

23 **Q. DO YOU BELIEVE THIS SAME CONCEPTS REFLECTED IN THE APS**  
24 **SETTLEMENT AGREEMENT COULD BE APPLIED IN THIS CASE?**  
25

26 A. Yes. The APS settlement agreement reflects a collaboration between APS and  
27 Arizona public schools within the company's service territory to work together  
28 so that schools can more efficiently manage their energy costs and transfer those  
29 savings into actual classroom instruction. It is our hope that through our  
30 participation in this case we can achieve the same collaboration with UNS  
31 Electric.  
32

33 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**  
34

35 A. Yes.  
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46



# RESUME CHUCK R. ESSIGS

## ACADEMIC BACKGROUND

Ed.D. Education Administration (major)  
Special Education Administration (minor)  
University of Arizona, 1982

M.Ed. Special Education (major)  
Educational Administration (minor)  
University of Arizona, 1973

B.A. Elementary Education  
William Patterson College  
New Jersey, 1969

## **PROFESSIONAL POSITIONS**

2003 – Present     **Director of Government Relations**  
Arizona Association of School Business Officials

2002-04      **Assistant to the Superintendent**  
Mesa Public Schools

2001-02      **Special Advisor to the Superintendent of Public Instruction**  
Arizona Department of Education

1985-2001     **Assistant Superintendent for Business Services and Government Relations**  
Mesa Public Schools

1984-85      **Deputy Associate Superintendent**  
Arizona Department of Education

1980-84      **Director of School Finance**  
Arizona Department of Education

1979-80      **Staff Member**  
Joint Select Committee on Tax Reform and School Finance of the Arizona Legislature

1978-79      **Director, Special Education**  
Arizona Department of Education

1975-78 **Director of Administrative Services**  
Division of Special Education, Arizona Department of Education

1974-75      **Assistant Director**  
Pima County Special Services Cooperative, Pima County School Office

1973-75      **Doctoral Fellowship**  
University of Arizona

1972-73      **Graduate Assistant**  
University of Arizona

1967-72 **Teacher**  
Butler High School, Butler, New Jersey

**PUBLICATIONS AND TECHNICAL REPORTS**

School Finance, In Boardmanship: A Guide for Governing Members, Arizona School Boards Association, Inc., 1994-2000

Public School and Community School Finance in Arizona, Arizona Legislature, November, 1979.

Special Education in Arizona, Joint Select Committee of the Arizona Legislature, October, 1975.

Planning for the Funding of Special Education, General-Special Education Administrative Conference, UCEA Western Region, May, 1975.

Video Tape Technology in Clinical Supervision of the Improvement of Special Education Instruction, National Council for Exceptional Children Convention, Los Angeles, April, 1975.

Special Education - Planning for Programs, Tucson: Bureau of School Services, University of Arizona, January, 1975.

Alternative Special Education Administrative Operations, In Program Alternatives for Special Services, E.S.E.A. Title III, 1974.

The Place of Clinical Supervision in Teacher Evaluation, Phi Delta Kappa Workshop, Tucson, November, 1974.

Funding Charter Schools, Arizona School Boards Journal, Arizona School Boards Association, Inc., 1995.

Funding Charter Schools in Arizona, School Business Affairs, Association of School Business Affairs International, 1997.

**MISCELLANEOUS**

Member, Joint Legislative Committee on Funding Priorities for Arizona School Districts

Member, Joint Legislative Committee on Goals for Arizona's Educational Excellence

Director, Arizona Principals' Academy III - July 1984, Northern Arizona University, Flagstaff, Arizona  
Consultant, Development of Application Procedures for P.L. 94-142, National Association of Directors of Special Education, Washington, D.C.

Consultant, Development of a Management System for the Pierre Indian School, National Indian Training and Research Center, Tempe, Arizona

Past Member, Governor's Council on Developmental Disabilities

Past Member, Arizona Council for the Deaf

Board of Directors, The Arizona Partnership, 1990

Research Staff, Governor's Finance and Equalization Subcommittee, 1991

Past President, Arizona Association of School Business Officials

Past Member, Mesa Chamber of Commerce Education Committee

Past Member, Mesa Chamber of Commerce Legislative Committee

Board of Directors, Northeast Shea Property Owners Association, 1992

1992 Good Government Award, Arizona Tax Research Association

Board of Directors, Arizona State Retirement System

Past President, Arizona State Board for School Capital Facilities, 1998

Board of Directors, Mesa Chamber of Commerce

Board of Directors, Arizona Town Hall

Governor's School Readiness Board